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Guatemala

Tree Nuts

Annual (Macadamia)

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Report Highlights:

The Macadamia nut industry in Guatemala keeps increasing, both in production and exports. Producers/processors/exporters expect that the industry will continue expanding in the next years. The Guatemala nut industry is capturing the value added in macadamia nuts by manufacturing macadamia by-products.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Guatemala's macadamia nut production increased around 23 percent in 2001 in comparison to 2000. In the year 2002, nut production is expected to increase around 5 percent from the output in 2001. The trend is mainly due to the fact that new plantings are beginning to bear fruit as the number of trees mature.

Guatemala's nut production for 2001 is estimated at 9360 MT (wet-in-shell basis). Production in the year 2002 is forecast to increase to 9800 MT (wet-in-shell basis). During 2001, weather changes did not affect nut production. In 2001, average yields were 5.8 MT/Hectare a 18 percent increase from the 2000 yield of 4.9 MT/Hectare. In the year 2002, average yields are expected to remain steady at 5.8 MT/Hectare.

Guatemala's macadamia nut exports for 2001 reached 9,000 MT (wet-in-shell basis), up from the calendar year 2000 exports of 7,000 MT (wet-in-shell basis). In 2001, 4,500 MT (wet-in-shell basis) were exported to the U.S. and the rest was distributed between Japan, Taiwan, Hong Kong, Singapore, Canada, Sweden and Norway. Increases in exports and production compensate for decreases in price, leaving processors and producers in a fairly good shape for 2001. It is expected that the same trend will follow for the year 2002.

Guatemala's macadamia nuts are exported at 1.0 to 1.5 percent humidity levels. Macadamia kernels are vacuum packed in 25 pound bags for export. There are no policies that subsidize or encourage exports. There are two producer/processor/exporter companies in Guatemala, both companies are planning to continue to increase exports as well as production. In 2001, 25 percent of production was kernel and 75 percent finished goods. For the year 2002 the same trend is expected. In the macadamia industry the diversification trend to finished products such as oils, cosmetics and confectionaries continues. In 2001, consumption has grown locally especially in the cosmetics area, domestic consumption is expected to remain steady for 2002.

PSD Table						
Country	Guatemala					
Commodity	Macadamia, Inshell Basis				(HA)(1000 TREES)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	3650	3650	3760	3760	0	3875
Area Harvested	1462	1462	1610	1610	0	1690
Bearing Trees	220	220	250	250	0	265
Non-Bearing Trees	380	380	380	380	0	380
Total Trees	600	600	630	630	0	645
Beginning Stocks	110	110	110	110	0	110
Production	7200	7200	9360	9360	0	9800
Imports	0	0	0	0	0	0
TOTAL SUPPLY	7310	7310	9470	9470	0	9910
Exports	7000	7000	9000	9000	0	9500
Domestic Consumption	200	200	360	360	0	360
Ending Stocks	110	110	110	110	0	50
TOTAL DISTRIBUTION	7310	7310	9470	9470	0	9910

Production

The Guatemalan nut crop for 2001 is estimated at 9360 MT (wet-in-shell basis) up by around 23 percent from the 2000 production of 7200 MT (wet-in-shell basis). In 2002, production is forecast to increase to 9800 MT (wet-in-shell basis). Since no official data are available, the PS&D table was developed using data obtained from industry representatives. The conversion factor utilized to convert from wet-in-shell basis to shelled kernel is 19 percent.

In 2001, weather conditions didn't adversely affect the macadamia industry and diseases were present at a lower than normal level. Average yields for 2001 are estimated at 5.8 MT/Hectare, up from the previous year's average of 4.9 MT/Hectare. Increases in yields are mainly due to maturing trees, good agricultural practices and management. In 2002, average yields are expected to remain steady at 5.8 MT/Hectare. Some increases in yields are expected in the next five years as new plantings begin bearing fruit, new trees are planted and older trees mature.

Guatemala's planted area for macadamia nuts during 2001 is estimated at 3760 hectares, of which 1610 hectares were harvested. Planted area for 2002 is expected to increase to 3875 hectares as new trees are planted. Harvested area is expected to increase to 1690 hectares as young trees begin bearing fruit. Planted area and harvested area vary since many plantations are not yet in production due to new trees planted.

The majority of macadamia plantations in Guatemala are at intermediate elevations along the Pacific slope, in the departments of Sacatepequez, San Marcos, Quetzaltenango, Suchitepequez, Santa Rosa, Huehuetenango, Solola, Alta Verapaz and some in Quiche. Guatemalan macadamia nuts are harvested throughout the year, but peak months are May, June, July and August. Flowering begins between late August and early September but most flowering occurs during the months of October, November and December.

As report in GT1004, there are two significant producer/processor/exporter companies in Guatemala, Nueces del Pacifico which accounts for about 40 percent of the Guatemalan macadamia nut export market and Agronomicas de Guatemala (Patzulin) which accounts for 60 percent of the market. They purchase macadamia nuts from individual producers for processing and export to other countries. There are over 100 macadamia producers in the country, ranging from small to large plantations. Most of the macadamia production is intermixed with other crops such as bananas, plantains, beans etc. but according to producers most of it is now being intermixed with coffee as shade for the coffee plant. With coffee prices in somewhat of a slump, farmers are turning to macadamia production and yield improvements to compensate for the loss in income. Several years ago coffee prices were high and many coffee producers invested in improved agricultural practices in coffee plantations so they do not have to invest much more on agricultural inputs to improve macadamia production.

Macadamia processors divide the shelled nuts according to their size and appearance. The initial grading of kernels for size and color is done by machine, with a final classification conducted by hand. Classification table follows:

- Style 1 - large whole kernels
- Style 2 - 90% large kernels 10% halves
- Style 3 - 50% whole kernels 50% halves
- Style 4 - halves
- Style 5 - large to medium nut pieces
- Style 6 - medium to small nut pieces
- Style 7 - small nut pieces
- Style 8 - powder

Consumption

Macadamia consumption in Guatemala continues to be at a low level because of high market prices the low purchasing power of most guatemalans, and lack of consumer awareness. Most of the Guatemalan population are not familiar with macadamia nuts and their uses, but that is starting to change. The brand John Macadam has found acceptance for macadamia by-products such as oils, confectioneries, processed nuts and especially cosmetics, creating a niche market for macadamia. Local retail prices for macadamia are around \$9.00 bottled/pound. In 2001, Guatemala consumed 360 MT of wet-in-shell macadamia nuts. In 2002, local consumption is expected to remain steady at 360 MT of wet-in-shell, due to stalled consumption of higher valued items in response to the rough economic situation that most of the guatemalan population is experiencing.

Traditionally, most macadamia nuts in Guatemala were consumed as snacks. Nowadays, Plantaciones Nuez del Pacifico, which sells under the John Macadam brand is marketing and selling cosmetic macadamia by-products, oils and confectionery in addition to the traditional bottled or packaged snacks. John Macadam processed macadamia nuts

are placed in jars and are being sold in grocery stores.

Export Trade Matrix			
Country	Guatemala		
Commodity	Macadamia, Inshell Basis		
Time period	Jan-Dec	Units:	Metric Tons
Exports for:	2000		2001
U.S.	3500	U.S.	4500
Others		Others	
Japan	850		1000
Sweden	950		1200
Norway	950		1200
Canada	400		600
Taiwan	200		300
Singapore	150		200
Total for Others	3500		4500
Others not Listed			
Grand Total	7000		9000

Trade

Macadamia nut exports for calendar year 2001 reached 9000 MT (wet-in-shell basis), a 22 percent increase from 2000 exports of 7000 MT (wet-in-shell basis). In 2001, exports to the U.S. were 4500 MT. In 2002, exports are forecast to again increase to 9500 MT (wet-in-shell basis). In 2001, 25 percent of exports were on a shelled kernels basis and 75 percent as finished goods. In 2002, the same ratio is expected. Guatemala's macadamia nuts are exported at 1.0 to 1.5 percent humidity levels. Macadamia kernels are vacuum packed in 25 pound bags for export. There are no export policies that subsidize or encourage exports.

The average macadamia kernel export FOB price during 2001 was between US\$ 2.80/lb and US\$ 2.90/lb. In 2002, the average price is expected to remain steady at the US\$ 2.80/lb level. According to the two exporting companies, their market efforts for the next five years will be to increase exports, especially to their strongest market, the United States. Producers are receiving technical assistance from both exporting companies in order to improve the Guatemalan macadamia nut quality.

Stocks

Guatemala does not hold large volumes of macadamia nuts in stock because most are exported immediately. Ending stocks for 2001 were 110 MT (wet-in-shell basis), steady from the ending stocks for 2000 of 110 MT (wet-in-shell basis).

In 2002, ending stocks are forecast to decrease to 50 MT (wet-in-shell basis) due to demands from foreign markets. Macadamia nuts in stock are owned by exporters.

Policy

The Guatemalan Government has no policies of subsidies or assistance to producers or exporters. However, the the Guatemalan Coffee Association encourage coffee producers to utilize macadamia nut trees as shade for coffee plants to help the environment and at the same time help farmers to diversify their agricultural practices and sources of income. Some technical assistance is provided by the Guatemalan Coffee Association.

Marketing

Plantaciones Nuez del Pacifico, which is represented by the John Macadam brand in the last years has began penetrating new niche markets with different macadamia by-products such as oils, cosmetics and confectionery. There is a relatively small yet growing up scale end of the food and small market in Guatemala. The increase in quality hotels, and tourism will add the local consumption of macadamia nuts and further processed products. In addition, Plantaciones Nuez del pacifico is currently manufacturing for the Roland brand out of New York. Plantaciones Nuez del Pacifico, is using the remaining macadamia powder from the oil extraction to process healthy granola bars in order to produce a healthy snack.